

Mississippi Direct Accounting Income Statement 2004

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Name FEIN: - **Multistate Construction Contractor - Direct Accounting Method**

Round All Amounts to the Nearest Dollar
(If negative, shade minus (-) in box as in example to the left)

1. Gross receipts or gross sales from jobs in Mississippi
2. Adjustments (Attach Schedule)
3. Direct cost from jobs in Mississippi
4. Mississippi gross profit (Line 1 plus Line 2 minus Line 3)

Add: Non-Allocable Business Income (Interest, other income, etc.)

5. Total Company Non-Allocable Business Income (Attach Schedule)

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6. Total MS Sales (Line 1 above plus other MS business income)

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7. Total Company Sales (Total sales from jobs **and** other business income)

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8. Ratio (Divide Line 6 by Line 7) (Show as a percent)

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 %

9. Mississippi non-allocable business income (Multiply Line 5 by Line 8)

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Deduct: Non-Allocable General and Administrative Expenses

10. Total Company Non-Allocable G & A Expenses (Attach Schedule)

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11. Mississippi direct cost

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12. Total company direct cost

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13. Ratio (Divide Line 11 by Line 12) (Show as a percent)

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 %

14. Mississippi Non-Allocable General & Administrative expense (Multiply Line 10 by Line 13)

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15. **Net Income (Loss)** (Line 4 plus Line 9 minus Line 14) Enter here and: C-Corp - Form 83-122, Line 13; S-Corp - Form 85-122, Line 16; Partnerships - Form 86-122, Line 16.

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General Instructions For Page One:

For lines 1 through 27 enter only the Mississippi sourced amounts. Capital and ordinary gains (losses) which are directly allocable to Mississippi are entered on lines 8 and 9 respectively. Enter on lines 20a and 20b only the depreciation expense which is directly allocable to Mississippi excluding any 30% or 50% bonus depreciation taken on such property. All other business gains (losses) not directly allocable will be apportioned and reported on line 29. All nonallocable general and administrative expenses are apportioned and entered on line 30. Interest, gains and losses on investments, dividends, etc. are apportioned unless it can be clearly shown that such income is not "business income".

Regulation 806-II-B(2): BUSINESS INCOME OF CONTRACTORS.

The net business income of taxpayers engaged in the business of contracting shall be accounted for and assigned directly to this state for each contract performed within this state. Taxpayers engaged in the business of contracting both within and without the state shall determine such job cost which cannot be specifically allocated to the Mississippi contract by multiplying such nonallocable business-related expenses in the ratio that Mississippi direct job costs bears to total direct job costs.

Where a contract is performed partly within and partly without the state, the net business income assignable directly to Mississippi shall be determined by first deducting from the total contract receipts those job costs directly allocable to said contract and then deducting a pro-rata part of expenses which cannot be directly allocable to any contract, said pro-rata part to be determined by using the ratio between the contract direct job costs and the direct job costs of total contracts. The net business income from the contract, thus determined, shall then be apportioned to Mississippi in the ratio that receipts from said contract allocable to Mississippi for sales tax purposes bears to the total receipts from said contract. In the event that no allocation has been or can be made of the Mississippi gross receipts from said contract for Mississippi sales tax purposes, and the Mississippi gross receipts from said contract cannot otherwise be determined, then the apportionment of the net business income from the contract to Mississippi shall be made by such reasonable method as is acceptable to the Commissioner.

In the case of a prime contractor, who enters into a contract with a subcontractor for the performance of all or part of a contract within the State of Mississippi, both prime contractor and subcontractor are required to report any and all income from such contracts.

The net business income derived by a contractor from gains (losses) from sales of capital assets, interest, dividends, rents and royalties shall be apportioned to Mississippi by multiplying such net business income by a receipts factor, the numerator of which is the total receipts located, assignable, allocated, or otherwise having a situs in this state during the tax year, and the denominator of which is the total receipts of the taxpayer everywhere during the tax year. In the case of sales of capital assets (buildings, land, depreciable machinery and equipment, stocks, bonds, etc.) receipts, for purposes of the receipts factor, shall include only the net gain (loss) resulting from such sales of capital assets.